

ORIGINAL



0000022641

Lance J.M. Steinhart, P.C.
1720 Windward Concourse
Suite 250
Alpharetta, Georgia 30005

2802

Also Admitted in New York
and Maryland

Telephone: (770) 232-9200
Facsimile: (770) 232-9208
Email: lsteinhart@telecomcounsel.com

May 25, 2005

VIA OVERNIGHT DELIVERY

Docket Control
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 85007
(602) 542-2237

AZ CORP COMMISSION
DOCUMENT CONTROL

2005 MAY 26 P 4: 26

RECEIVED

Re: Touchtone Communications, Inc.
Docket No. T-04242A-04-0137

Dear Sir/Madam:

Enclosed please find for filing an original and thirteen (13) copies of Touchtone Communications, Inc.'s responses to the Commission's Third Set of Data Requests to Touchtone Communications, Inc.'s Application and Petition for Certificate of Public Convenience and Necessity to Provide Competitive Intrastate Telecommunications.

I have also enclosed an extra copy of this letter to be date stamped and returned to me in the enclosed, self-addressed, postage prepaid envelope.

If you have any questions or if I may provide you with additional information, please do not hesitate to contact me.

Respectfully submitted,

Charlotte Lacey
Legal Assistant to Lance J.M. Steinhart
Attorney for Touchtone Communications, Inc.

cc: Marcello Anzalone
Michael W. Patten, Esq. (facilities based only - via 2-Day Delivery)

Arizona Corporation Commission

DOCKETED

MAY 26 2005

DOCKETED BY

Touchtone Communications, Inc.
Docket No. T-04242A-04-0137
May 25, 2005

1. Please submit a non-PDF file of your responses to this data request to albrecht@cc.state.az.us.

Response: A PDF version of these responses have been sent via email to albrecht@cc.state.az.us as of May 25, 2005.

2. Please explain how your company calculated the maximum and minimum rates for each of your proposed services.

Response: The company calculated the maximum and minimum rates by using rates in other jurisdictions, with a cushion to cover any increase or decrease of rates in the future. The current rates are illustrative only and the company believes they are similar to its potential competitors.

3. Please indicate why you believe your proposed range of rates is just and reasonable using a competitive market analysis. Your analysis may contain publicly available examples of rates charged by the incumbent or other carriers for similar services or any other information that you believe demonstrates that you proposed rates are just and reasonable. Please include any supporting materials. For a list of telecommunications carriers certificated in Arizona, go to www.cc.state.az.us/utility/utility; for a list of Commission-approved telecommunications rates and tariffs, go to www.cc.star.az.us/utility/tariffs.

Response: Applicant believes that its fair value rate base ("FVRB") is zero, therefore is not useful in a fair value analysis, and is not useful in setting rates. In general, rates for competitive services are not set according to rate of return regulation. Applicant believes that its rates are just and reasonable as they are comparable to several long distance carriers operating in Arizona, and comparable to rates the Applicant charges in other jurisdictions. Furthermore, since Applicant has no market power, the reasonableness of its rates will be evaluated in a market with numerous competitors. Based upon the foregoing, Applicant believes that the rates in its proposed tariff will be just and reasonable.

4. Please indicate why you believe your proposed range of rates is just and reasonable using a fair value or cost basis. Please include economic justification or cost support data. Please include any supporting materials.

Response: Applicant believes that its fair value rate base ("FVRB") is zero, therefore is not useful in a fair value analysis, and is not useful in setting rates. In general, rates for competitive services are not set according to rate of return regulation. Applicant believes that its rates are just and reasonable as they are comparable to several long distance carriers operating in Arizona, and comparable to rates the Applicant charges in other jurisdictions. Furthermore, since Applicant has no market power, the reasonableness of its rates will be evaluated in a market with numerous competitors. Based upon the foregoing, Applicant believes that the rates in its proposed tariff will be just and reasonable.

5. Please identify any other jurisdictions in which your company or an affiliate provides similar services. Please specify the rates that your company and/or affiliate for these similar services in these other jurisdictions. If there is a difference between the rates that your company is proposing for its Arizona operations and the rates that your company and/or affiliate charges in other jurisdictions for similar services, please identify and indicate the amount of the difference and explain why you are proposing different rates in Arizona.

Response: The company is currently providing interexchange service Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin and Wyoming. Please see response to number 2.

Touchtone Communications, Inc.
Docket No. T-04242A-04-0137
May 25, 2005

6. Please identify any other jurisdictions in which your company or an affiliate is applying to provide similar services. Please specify the rates that your company and/or affiliate proposes to charge for these similar services in these other jurisdictions. If there is a difference between the rates that your company is proposing for its Arizona operations and the rates that your company is proposing to charge in other jurisdictions for similar services, please identify and indicate the amount of the difference and explain why you are proposing different rates in Arizona.

Response: The company has been approved in Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin and Wyoming, and is providing service in all states listed above. Please see response to number 2.